BUSINESS/ECONOMIC DEVELOPMENT

SB179 – Public Service Commission – Liquefied Petroleum Gas

This bill conforms State law to federal regulations. The bill expands the Public Service Commission (PSC) requirements to adopt and enforce safety standards for gas service installations to include locations that serve at least two but fewer than 10 customers by underground pipes from a liquefied petroleum gas (LPG) storage tank where a portion of the system is located in a public place.

The U.S. Department of Transportation's Office of Pipeline Safety (OPS) has jurisdiction over the safety of LPG. According to OPS, its statutory authority authorizes state assumption of all or part of the regulatory and enforcement responsibility for intrastate LPG systems through annual certifications and agreements. OPS has delegated enforcement authority over LPG systems in Maryland to the PSC through a memorandum of understanding. The PSC inspects the systems and enforces federal regulations. The federal regulations have recently been amended to include facilities that serve at least two but fewer than 10 customers.

SB187 – Office of the Comptroller – Tax Compliance – Settlement Period

This bill creates a statutory settlement period for the Comptroller to settle specified litigation, with provisions regarding penalties and interest and forgiveness of specified tax assessments.

The bill allows a taxpayer to elect whether to have additional income tax calculated as though otherwise deductible payments were added back to the paying taxpayer's federal taxable income or as though the receiving taxpayer were subject to the State corporate income tax. The Maryland income tax may not be imposed more than once for the same transaction. The Comptroller is required to waive all penalties attributable to the taxes paid during the settlement period. The Comptroller is prohibited from assessing interest on taxes paid during the settlement period at a rate exceeding 6.5%.

If all taxes and related interest described above are paid during the settlement period for the taxpayer's taxable years beginning on or after January 1, 1995, and ending on or before December 31, 2003, then no assessment for any taxable year beginning before January 1, 1995, may be enforced.

SB589/HB1179 – 2020 Rural Maryland – Agricultural and Resource-Based Industry Development Act

SB589/HB1179 create the Maryland Agriculture and Resource-based Industry Development Corporation (MARBIDCO) as a public corporation and instrumentality of the State to develop resource-based industries and markets and alleviate the shortage of nontraditional capital credit available for those businesses. The bills authorize MARBIDCO to issue revenue bonds to provide loans or other financial assistance for resource industries, such as aquaculture, farming, horticulture, and timber. Loans can be used for several industry processes, including acquisition, soil conservation, pond construction, and building expansion or construction, as well as for the purchase of livestock, seeds, fertilizers, and pesticides. MARBIDCO is solely responsible for any debts it incurs, including debt service on bonds, and may not receive any State funds until the budget deficit is resolved.

SB712/HB1332 – Motor Homes and Travel Trailers – Vehicle Excise Tax – Definitions – Extension of Sunset

SB712/HB1332 extend for three years the termination date for a provision of law that allows the purchase price of a motor home or travel trailer (RVs) to be lowered by the value of a trade-in for determining the vehicle excise tax. Under the bills, this provision, which has been in effect since 2001, will be extended until 2007.

HB297 – Office of the Comptroller – Tax Compliance – Holding Companies

This bill includes several measures designed to prevent corporations from avoiding the Maryland corporate income tax by shifting income away from the State through the use of Delaware Holding Companies (DHCs) and other State tax avoidance techniques.

The bill authorizes the Comptroller to distribute, apportion, or allocate gross income, deductions, credits, or allowances between and among two or more organizations, trades, or businesses, whether or not incorporated, whether or not organized in the United States, and whether or not affiliated, if 1) the organizations, trades, or businesses are owned or controlled directly or indirectly by the same interests and 2) the Comptroller determines that the distribution, apportionment, or allocation is necessary in order to reflect an arm's length standard to clearly reflect the income of those organizations, trades, or businesses. The bill requires affiliated groups of corporations to provide a report of intermember sales and other transactions, if requested by the Comptroller.

The bill requires a corporation, for purposes of determining Maryland taxable income, to add back to its taxable income any otherwise deductible interest expense or intangible expense paid directly or indirectly to one or more related members, as defined, unless the corporation establishes that 1) the transaction did not have as a principal purpose the avoidance of tax; 2) the interest expense was paid pursuant to an arm's length rate or price; and 3) either (a) the related member paid or incurred the interest or intangible expense to an unrelated person; (b) the related member paid state taxes in the aggregate on the amount received at an effective rate of at least 4%; or (c) in the case of an interest expense, the related members are banks. The bill defines the manner by which the 4% effective rate is calculated, provides for an alternative calculation of the 4% effective tax rate under certain circumstances, and grants the Comptroller the authority to determine by regulation additional alternative calculations, if necessary.

To avoid potential double taxation, the bill provides, under specified circumstances, a subtraction modification to the "payee" corporation (that received payments for intangible expenses from a related member) equal to the amount received as royalties, interest, or similar income from intangibles to the extent that the payor corporation (the related member that paid the intangible expenses) is subject to the addition modification for the intangible expenses.

The bill takes effect July 1, 2004, and is applicable to all taxable years beginning after December 31, 2003.

HB663 – Maryland Historical Trust – Historic Preservation Loan Fund – Refinancing Properties

HB663 expands the uses of the Historic Preservation Loan Fund of the Maryland Historical Trust to authorize loans for refinancing historic properties. The fund may provide loans to nonprofit organizations, local jurisdictions, businesses, and individuals for acquiring, rehabilitating, or restoring historic properties, which are defined as those listed on, or eligible for, the National Register of Historic Places.